



ANNUAL STATEMENT  
For the Year Ending December 31, 2013  
OF THE CONDITION AND AFFAIRS OF THE  
McLAREN HEALTH PLAN, INC

NAIC Group Code	4700 (Current Period)	4700 (Prior Period)	NAIC Company Code	95562	Employer's ID Number	38-3252216
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	09/12/1997		Commenced Business	08/01/1998		
Statutory Home Office	G-3245 Beecher Rd. (Street and Number)		FLINT, MI, US 48532 (City or Town, State, Country and Zip Code)			
Main Administrative Office			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI, US 48532 (City or Town, State, Country and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Mail Address	G-3245 Beecher Rd. (Street and Number or P.O. Box)		FLINT, MI, US 48532 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI, US 48532 (City or Town, State, Country and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Internet Website Address	www.mclarenhealthplan.org					
Statutory Statement Contact	CHERYL WESTOBY (Name)		(810)733-9723 (Area Code)(Telephone Number)(Extension)			
	cheryl.westoby@mclaren.org (E-Mail Address)		(810)733-9652 (Fax Number)			

OFFICERS

Name	Title
KATHY KENDALL	President
KEVIN TOMPKINS	Chairman
DON KOOY	Secretary
DAVE MAZURKIEWICZ	Treasurer
CAROL SOLOMON	Assistant Treasurer
KATHY KUDRAY D.O.	Chief Medical Officer

OTHERS

DIRECTORS OR TRUSTEES

KATHY KENDALL	DON KOOY
RONALD SHAHEEN D.O.	KEVIN TOMPKINS
DENNIS LAFOREST	PATRICK HAYES
DAVE MAZURKIEWICZ	LAKISHA ATKINS

State of Michigan  
County of Genesee ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
KATHY KENDALL	DAVE MAZURKIEWICZ	CAROL SOLOMON
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Treasurer	Assistant Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2014

a. Is this an original filing? Yes[X] No[ ]

b. If no, 1. State the amendment number \_\_\_\_\_

2. Date filed \_\_\_\_\_

3. Number of pages attached \_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....				
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....	34,162,826		34,162,826	32,254,695
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....	2,437,981		2,437,981	2,646,292
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$....(17,689,295), Schedule E Part 1), cash equivalents (\$.....21,385,883, Schedule E Part 2) and short-term investments (\$.....81,532,896, Schedule DA) .....	85,229,484		85,229,484	73,681,063
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives (Schedule DB) .....				
8.	Other invested assets (Schedule BA) .....				
9.	Receivables for securities .....				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11.	Aggregate write-ins for invested assets .....	565,886	273,379	292,508	210,955
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	122,396,178	273,379	122,122,800	108,793,005
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....	12,343		12,343	13,442
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	2,037,142	43,348	1,993,794	1,249,081
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums .....				
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	289,520		289,520	169,644
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....				
18.1	Current federal and foreign income tax recoverable and interest thereon .....				
18.2	Net deferred tax asset .....				
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....	1,790,046	318,580	1,471,466	260,934
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....	363,734	363,734		
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....	1,460,909	17,410	1,443,498	1,027,437
24.	Health care (\$.....2,976,732) and other amounts receivable .....	2,982,634	4,366	2,978,268	5,173,429
25.	Aggregate write-ins for other than invested assets .....				
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	131,332,507	1,020,817	130,311,690	116,686,972
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	Total (Lines 26 and 27) .....	131,332,507	1,020,817	130,311,690	116,686,972
DETAILS OF WRITE-INS					
1101.	INVENTORY .....	20,087	20,087		0
1102.	DEFERRED CHARGES EQUIP FEES .....	16,493	16,493		0
1103.	PREPAID EXPENSES .....	236,798	236,798		
1198.	Summary of remaining write-ins for Line 11 from overflow page .....	292,508		292,508	210,955
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	565,886	273,379	292,508	210,955
2501.	.....				
2502.	.....				
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....				

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	72,208,384		72,208,384	60,135,095
2.	Accrued medical incentive pool and bonus amounts .....	2,266,969		2,266,969	2,773,293
3.	Unpaid claims adjustment expenses .....	1,460,886		1,460,886	1,253,035
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	63,926		63,926	
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	1,917,100		1,917,100	1,185,567
9.	General expenses due or accrued .....	6,328,690		6,328,690	5,851,290
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....	215,314		215,314	287,849
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	1,699,786		1,699,786	2,224,997
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20.	Reinsurance in unauthorized and certified (\$.....0) companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....				
23.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				590,496
24.	TOTAL Liabilities (Lines 1 to 23) .....	86,161,055		86,161,055	74,301,622
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
26.	Common capital stock .....	X X X	X X X		
27.	Preferred capital stock .....	X X X	X X X		
28.	Gross paid in and contributed surplus .....	X X X	X X X	1,140,000	1,140,000
29.	Surplus notes .....	X X X	X X X		
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	43,010,636	41,245,350
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	44,150,636	42,385,350
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	130,311,691	116,686,972
DETAILS OF WRITE-INS					
2301.	ACCRUED PENSION .....				590,496
2302.	OVERPAYMENT FROM MDCH FOR MATERNITY CASE RATE .....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				590,496
2501.	.....	X X X	X X X		
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	1,809,385	1,639,850
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	534,667,883	455,074,024
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	(2,039,116)	(1,885,021)
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	532,628,766	453,189,003
Hospital and Medical:				
9.	Hospital/medical benefits .....		410,611,310	324,378,910
10.	Other professional services .....		6,355,798	7,909,619
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		20,939,345	18,053,610
13.	Prescription drugs .....		67,748,024	56,284,199
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			1,761,295
16.	Subtotal (Lines 9 to 15) .....		505,654,478	408,387,633
Less:				
17.	Net reinsurance recoveries .....		1,268,553	455,413
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....		504,385,925	407,932,220
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....861,430 cost containment expenses .....		4,542,149	9,236,841
21.	General administrative expenses .....		23,354,449	22,874,030
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....		63,926	
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....		532,346,448	440,043,091
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	282,318	13,145,912
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		(456,508)	(14,612)
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....		43	1,690,106
27.	Net investment gains (losses) (Lines 25 plus 26) .....		(456,465)	1,675,494
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	(174,147)	14,821,406
31.	Federal and foreign income taxes incurred .....	X X X .....		
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	(174,147)	14,821,406
DETAILS OF WRITE-INS				
0601.	OTHER HEALTH CARE RELATED REVENUE .....	X X X .....	30	58,782
0602.	MPCA .....	X X X .....	(2,039,146)	(1,943,803)
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	(2,039,116)	(1,885,021)
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	LOSS ON SALE OF EQUIPMENT .....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	42,385,350	102,184,937
34.	Net income or (loss) from Line 32 .....	(174,147)	14,821,406
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	1,361,812	(424,164)
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	231,773	(557,361)
40.	Change in unauthorized and certified reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		(36,400,000)
47.	Aggregate write-ins for gains or (losses) in surplus .....	345,846	(37,239,468)
48.	Net change in capital and surplus (Lines 34 to 47) .....	1,765,284	(59,799,587)
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	44,150,634	42,385,350
DETAILS OF WRITE-INS			
4701.	SURPLUS ADJUSTMENT RELATING TO CARESOURCE MICHIGAN PURCHASE .....		(37,239,468)
4702.	PENSION RELATED COSTS OTHER THAN NET PERIODIC PENSION COSTS .....	345,846	
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	345,846	(37,239,468)

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	534,700,112	455,331,467
2.	Net investment income .....	(455,409)	383,384
3.	Miscellaneous income .....	(1,919,788)	(1,899,845)
4.	Total (Lines 1 through 3) .....	532,324,915	453,815,005
5.	Benefit and loss related payments .....	490,771,055	401,592,603
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	27,626,798	28,217,154
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....	518,397,853	429,809,757
11.	Net cash from operations (Line 4 minus Line 10) .....	13,927,062	24,005,249
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		15,713,469
12.2	Stocks .....	2,708	16,576,777
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....	228,265	0
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....	230,973	32,290,246
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....		
13.2	Stocks .....	354,093	28,001,970
13.3	Mortgage loans .....		
13.4	Real estate .....	19,955	132,588
13.5	Other invested assets .....		27,000,000
13.6	Miscellaneous applications .....	4,412	1,095,698
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	378,460	56,230,256
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(147,487)	(23,940,010)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		36,400,000
16.6	Other cash provided (applied) .....	(2,646,624)	(10,513,323)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(2,646,624)	(46,913,323)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	11,132,951	(46,848,084)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	73,681,061	120,529,146
19.2	End of year (Line 18 plus Line 19.1) .....	84,814,012	73,681,061

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	534,667,883	88,997,680					6,140,692	439,529,511		
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....	(2,039,116)							(2,039,116)		X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
7.	TOTAL Revenues (Lines 1 to 6) .....	532,628,766	88,997,680					6,140,692	437,490,394		
8.	Hospital/medical benefits .....	410,611,310	69,138,177					4,515,965	336,957,168		X X X .....
9.	Other professional services .....	6,355,798	1,274,079					78,228	5,003,491		X X X .....
10.	Outside referrals .....										X X X .....
11.	Emergency room and out-of-area .....	20,939,345	3,526,019					279,882	17,133,445		X X X .....
12.	Prescription drugs .....	67,748,024	14,934,922					2,266,187	50,546,915		X X X .....
13.	Aggregate write-ins for other hospital and medical .....										X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....										X X X .....
15.	Subtotal (Lines 8 to 14) .....	505,654,478	88,873,197					7,140,262	409,641,019		X X X .....
16.	Net reinsurance recoveries .....	1,268,553	580,012						688,541		X X X .....
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	504,385,925	88,293,185					7,140,262	408,952,478		X X X .....
18.	Non-health claims (net) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
19.	Claims adjustment expenses including \$.....861,430 cost containment expenses .....	4,542,149	1,057,891					576,428	2,907,830		
20.	General administrative expenses .....	23,354,449	7,061,605					1,705,960	14,586,883		
21.	Increase in reserves for accident and health contracts .....	63,926	63,926								X X X .....
22.	Increase in reserves for life contracts .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	532,346,448	96,476,607					9,422,650	426,447,191		
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	282,318	(7,478,927)					(3,281,958)	11,043,204		
DETAILS OF WRITE-INS											
0501.	Other Health Care Related Revenue .....	30							30		X X X .....
0502.	MPCA .....	(2,039,146)							(2,039,146)		X X X .....
0503.											X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	(2,039,116)							(2,039,116)		X X X .....
0601.			X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0602.			X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0603.			X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
1301.											X X X .....
1302.											X X X .....
1303.											X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	90,868,361		1,870,681	88,997,680
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....	6,155,577		14,885	6,140,692
7.	Title XIX - Medicaid .....	440,119,375		589,865	439,529,511
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	537,143,313		2,475,430	534,667,883
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	537,143,313		2,475,430	534,667,883



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	493,645,114	85,478,654					6,834,241	401,332,219		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	1,268,553	580,012						688,541		
1.4 Net	492,376,561	84,898,642					6,834,241	400,643,678		
2. Paid medical incentive pools and bonuses	1,144,439						66,692	1,077,747		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	72,208,384	15,142,069					1,193,552	55,872,763		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	72,208,384	15,142,069					1,193,552	55,872,763		
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	2,266,969						1,301	2,265,668		
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year	289,521	25,646						263,874		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	60,135,095	10,864,073					1,239,028	48,031,994		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	60,135,095	10,864,073					1,239,028	48,031,994		
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	63,926	63,926								
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net	63,926	63,926								
10. Accrued medical incentive pools and bonuses, prior year	2,773,293						3,382	2,769,911		
11. Amounts recoverable from reinsurers December 31, prior year	169,644	83,986						85,658		
12. Incurred benefits:										
12.1 Direct	505,654,477	89,692,724					6,788,765	409,172,988		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	1,388,430	521,673						866,757		
12.4 Net	504,266,047	89,171,051					6,788,765	408,306,231		
13. Incurred medical incentive pools and bonuses	638,115						64,611	573,504		

(a) Excludes \$.....0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	24,123,255	5,412,693						18,710,562		
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	24,123,255	5,412,693						18,710,562		
2. Incurred but Unreported:										
2.1 Direct .....	48,085,129	9,729,376					1,193,552	37,162,201		
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	48,085,129	9,729,376					1,193,552	37,162,201		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	72,208,384	15,142,069					1,193,552	55,872,763		
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	72,208,384	15,142,069					1,193,552	55,872,763		

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	11,968,498	72,930,145		15,142,069	11,968,498	10,864,073
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....	1,051,429	5,782,812		1,193,552	1,051,429	1,239,028
7.	Title XIX - Medicaid .....	50,154,503	349,787,133		55,872,763	50,154,503	48,031,994
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	63,174,430	428,500,090		72,208,384	63,174,430	60,135,095
10.	Healthcare receivables (a) .....	326,468				326,468	326,468
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....	1,144,439		342,072	1,924,897	1,486,511	2,773,293
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	63,992,401	428,500,090	342,072	74,133,281	64,334,473	62,581,920

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	309,176	308,887	308,924	308,924	308,924
2.	2009 .....	354,843	354,879	355,046	355,046	355,046
3.	2010 .....	X X X	356,422	355,353	355,353	355,353
4.	2011 .....	X X X	X X X	356,951	404,215	404,215
5.	2012 .....	X X X	X X X	X X X	352,130	415,304
6.	2013 .....	X X X	X X X	X X X	X X X	428,500

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	183,524	183,524	183,524	308,726	308,924
2.	2009 .....	237,164	231,064	231,057	355,046	355,046
3.	2010 .....	X X X	262,669	255,112	355,353	355,353
4.	2011 .....	X X X	X X X	270,752	404,215	404,215
5.	2012 .....	X X X	X X X	X X X	415,040	415,304
6.	2013 .....	X X X	X X X	X X X	X X X	502,975

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2009 .....	434,482	355,046	5,949	1.676	360,995	83.086			360,995	83.086
2.	2010 .....	434,951	355,353	4,640	1.306	359,993	82.766			359,993	82.766
3.	2011 .....	432,159	404,215	6,067	1.501	410,282	94.938			410,282	94.938
4.	2012 .....	453,188	415,304	8,195	1.973	423,499	93.449			423,499	93.449
5.	2013 .....	532,629	428,500	3,793	0.885	432,293	81.162	74,475	1,460	508,228	95.419

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	15,123	15,123	15,123	15,123	15,123
2.	2009 .....	26,003	29,631	29,631	29,631	29,631
3.	2010 .....	X X X	34,962	39,663	39,663	39,663
4.	2011 .....	X X X	X X X	43,434	50,164	50,164
5.	2012 .....	X X X	X X X	X X X	53,691	65,659
6.	2013 .....	X X X	X X X	X X X	X X X	72,930

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	15,123	15,123	15,123	15,123	15,123
2.	2009 .....	31,847	29,631	29,631	29,631	29,631
3.	2010 .....	X X X	41,387	39,663	39,663	39,663
4.	2011 .....	X X X	X X X	51,193	50,164	50,164
5.	2012 .....	X X X	X X X	X X X	64,555	65,659
6.	2013 .....	X X X	X X X	X X X	X X X	88,072

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2009 .....	31,784	29,631	621	2.096	30,252	95.180			30,252	95.180
2.	2010 .....	44,005	39,663	330	0.832	39,993	90.883			39,993	90.883
3.	2011 .....	57,340	50,164	437	0.871	50,601	88.247			50,601	88.247
4.	2012 .....	68,967	65,659	897	1.367	66,556	96.505			66,556	96.505
5.	2013 .....	88,998	72,930	839	1.150	73,769	82.888	15,142	428	89,339	100.383

12 Hospital and Medical

- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . . NONE
- 12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	327	327	327	327	327
2.	2009 .....	756	1,113	1,106	1,106	1,106
3.	2010 .....	X X X	2,050	2,737	2,737	2,737
4.	2011 .....	X X X	X X X	3,361	4,075	4,075
5.	2012 .....	X X X	X X X	X X X	5,754	6,805
6.	2013 .....	X X X	X X X	X X X	X X X	5,783

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	327	327	327	129	327
2.	2009 .....	756	1,113	1,106	1,106	1,106
3.	2010 .....	X X X	2,975	2,975	2,737	2,737
4.	2011 .....	X X X	X X X	4,650	4,075	4,075
5.	2012 .....	X X X	X X X	X X X	6,993	6,805
6.	2013 .....	X X X	X X X	X X X	X X X	6,978

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2009 .....	1,281	1,106	33	2.984	1,139	88.915			1,139	88.915
2.	2010 .....	3,357	2,737	82	2.996	2,819	83.974			2,819	83.974
3.	2011 .....	4,897	4,075	168	4.123	4,243	86.645			4,243	86.645
4.	2012 .....	7,563	6,805	493	7.245	7,298	96.497			7,298	96.497
5.	2013 .....	6,141	5,783	483	8.351	6,266	102.035	1,195	32	7,493	122.015

12 Title XVIII-Medicare

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	293,726	293,437	293,474	293,474	293,474
2.	2009 .....	328,084	324,135	324,309	324,309	324,309
3.	2010 .....	X X X	319,410	312,953	312,953	312,953
4.	2011 .....	X X X	X X X	310,156	349,976	349,976
5.	2012 .....	X X X	X X X	X X X	292,685	342,840
6.	2013 .....	X X X	X X X	X X X	X X X	349,787

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....	168,074	168,074	168,074	293,474	293,474
2.	2009 .....	204,561	200,320	200,320	324,309	324,309
3.	2010 .....	X X X	218,307	212,474	312,953	312,953
4.	2011 .....	X X X	X X X	214,909	349,976	349,976
5.	2012 .....	X X X	X X X	X X X	343,492	342,840
6.	2013 .....	X X X	X X X	X X X	X X X	407,925

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2009 .....	401,417	324,309	5,295	1.633	329,604	82.110			329,604	82.110
2.	2010 .....	387,589	312,953	4,228	1.351	317,181	81.834			317,181	81.834
3.	2011 .....	369,922	349,976	5,462	1.561	355,438	96.085			355,438	96.085
4.	2012 .....	376,658	342,840	6,805	1.985	349,645	92.828			349,645	92.828
5.	2013 .....	437,490	349,787	2,471	0.707	352,258	80.518	58,138	1,000	411,396	94.036

12 Title XIX-Medicaid



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....					
2.	2009 .....					
3.	2010 .....					
4.	2011 .....					
5.	2012 .....					
6.	2013 .....					

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2009	2 2010	3 2011	4 2012	5 2013
1.	Prior .....					
2.	2009 .....					
3.	2010 .....					
4.	2011 .....					
5.	2012 .....					
6.	2013 .....					

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2009 .....										
2.	2010 .....										
3.	2011 .....										
4.	2012 .....										
5.	2013 .....										

12 Other

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....	63,926	63,926							
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) .....									
5. Aggregate write-ins for other policy reserves .....									
6. TOTALS (Gross) .....	63,926	63,926							
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	63,926	63,926							
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) ....									
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....63,926 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....1,108,996 for occupancy of own building) .....				1,108,996	1,108,996
2.	Salaries, wages and other benefits .....	445,580	1,782,321	6,340,950		8,568,852
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			2,883,029		2,883,029
4.	Legal fees and expenses .....			737		737
5.	Certifications and accreditation fees .....					
6.	Auditing, actuarial and other consulting services .....			77,041		77,041
7.	Traveling expenses .....	3,510	14,040	49,950		67,501
8.	Marketing and advertising .....			383,293		383,293
9.	Postage, express and telephone .....	29,543	118,173	420,423		568,139
10.	Printing and office supplies .....	52,796	211,184	751,328		1,015,308
11.	Occupancy, depreciation and amortization .....			1,262,952		1,262,952
12.	Equipment .....	15,709	62,837	223,555		302,102
13.	Cost or depreciation of EDP equipment and software .....	6,846	27,386	97,430		131,662
14.	Outsourced services including EDP, claims, and other services .....	261,552	1,046,210	3,722,093		5,029,855
15.	Boards, bureaus and association fees .....	10,226	40,904	145,523		196,653
16.	Insurance, except on real estate .....			36,540		36,540
17.	Collection and bank service charges .....				152,939	152,939
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....			79,678	474,441	554,119
22.	Real estate taxes .....			12,653		12,653
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....			6,465,386		6,465,386
23.2	State premium taxes .....					
23.3	Regulatory authority licenses and fees .....					
23.4	Payroll taxes .....	28,105	112,422	399,963		540,490
23.5	Other (excluding federal income and real estate taxes) .....					
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....	7,561	265,243	107,594		380,397
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....	861,430	3,680,719	23,460,117	1,736,376	(a) 29,738,642
27.	Less expenses unpaid December 31, current year .....			6,328,690		6,328,690
28.	Add expenses unpaid December 31, prior year .....			5,851,288		5,851,288
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	861,430	3,680,719	22,982,716	1,736,376	29,261,240
DETAILS OF WRITE-INS						
2501.	Business Development .....	640	2,559	9,104		12,303
2502.	Misc .....	4,021	251,083	57,219		312,323
2503.	Professional Development .....	464	1,857	6,608		8,930
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	2,436	9,743	34,662		46,841
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	7,561	265,243	107,594		380,397

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)	
1.1	Bonds exempt from U.S. tax	(a)	
1.2	Other bonds (unaffiliated)	(a)	
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	342,830	342,959
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d) 1,137,996	1,137,996
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 28,388	27,159
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	1,509,214	1,508,114
11.	Investment expenses		(g) 1,736,376
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 228,246
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		1,964,622
17.	Net Investment income (Line 10 minus Line 16)		(456,508)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)		
1501.			
1502.			
1503.			
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)		
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....1,108,996 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....228,246 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	43		43	799,805	
2.21	Common stocks of affiliates				562,562	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	43		43	1,362,367	
DETAILS OF WRITE-INS						
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....		194,911	194,911
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Derivatives (Schedule DB) .....			
8.	Other invested assets (Schedule BA) .....			
9.	Receivables for securities .....			
10.	Securities lending reinvested collateral assets (Schedule DL) .....			
11.	Aggregate write-ins for invested assets .....	273,379	350,519	77,140
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	273,379	545,429	272,051
13.	Title plants (for Title insurers only) .....			
14.	Invested income due and accrued .....			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....	43,348	24,830	(18,518)
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3	Accrued retrospective premiums .....			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....			
16.2	Funds held by or deposited with reinsured companies .....			
16.3	Other amounts receivable under reinsurance contracts .....			
17.	Amounts receivable relating to uninsured plans .....			
18.1	Current federal and foreign income tax recoverable and interest thereon .....			
18.2	Net deferred tax asset .....			
19.	Guaranty funds receivable or on deposit .....			
20.	Electronic data processing equipment and software .....	318,580	11,651	(306,929)
21.	Furniture and equipment, including health care delivery assets .....	363,734	498,530	134,796
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
23.	Receivables from parent, subsidiaries and affiliates .....	17,410	11,911	(5,500)
24.	Health care and other amounts receivable .....	4,366	160,239	155,873
25.	Aggregate write-ins for other than invested assets .....			
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,020,817	1,252,590	231,773
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28.	Total (Lines 26 and 27) .....	1,020,817	1,252,590	231,773
DETAILS OF WRITE-INS				
1101.	INVENTORY .....	20,087	19,907	(180)
1102.	DEFERRED CHARGES EQUIP FEES .....	16,493	19,246	2,752
1103.	PREPAID EXPENSE .....	236,798	311,367	74,568
1198.	Summary of remaining write-ins for Line 11 from overflow page .....			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	273,379	350,519	77,140
2501.	.....			
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	121,142	121,033	124,124	125,602	126,007	1,484,604
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....	22,887	24,476	25,804	28,265	32,568	324,781
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	144,029	145,509	149,928	153,867	158,575	1,809,385
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

# Notes to Financial Statements

McLaren Health Plan, Inc  
December 31, 2013

## 1. Summary of Significant Accounting Policies

A. The financial statements of McLaren Health Plan are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Regulation. The statements have been completed in accordance with NAIC Accounting Practices and Procedures Manual except to the extent that Michigan law differs.

B. Preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates exist relating to accrued health care costs. These estimates are actuarially determined and represent the Plan's best estimate of the level of claims to be paid applicable to 2013 or prior periods. Any future adjustments to these amounts will affect the reported results in the future periods.

C. (1) Short-term investments are all highly liquid investments purchased with an original maturity of three months or less.

(2) Bonds: None

(3) Common Stock:

Various Equity and Institutional Class Investments managed by PIMCO and Vanguard were held with JPMorgan Chase, stated at fair market value.

Short Duration Mutual Bond Fund Ultra Class held with JPMorgan Chase, stated at fair market value.

(4) Preferred Stock: None

(5) Mortgage Loans: None

(6) Loan-Backed Securities: None

(7) Investments in Subsidiaries, Controlled and Affiliated Companies: The Plan is the Parent Corporation of Health Advantage, Inc., a licensed Michigan TPA. The Plan carries Health Advantage, Inc., at SSAP equity basis.

During 2010, the Plan became the Parent Corporation of McLaren Health Plan Insurance Company. The Plan carries McLaren Health Plan Insurance Company at SSAP equity basis.

During 2011, the plan became the Parent Corporation for McLaren Health Plan Community. The Plan carries McLaren Health Plan Community at SSAP equity basis.

(8) Investments in Joint Ventures, Partnerships, and Limited Liability Companies: None

(9) Derivatives: None

(10) Anticipated investment income is not a factor in the premium deficiency calculation.

(11) Estimates of Liabilities for losses and loss/claim adjustment expenses are made by our independent actuary and are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principals, are based on actuarial assumptions relevant to contract provisions, and include appropriate provision for all actuarial terms that ought to be established.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss/lag reports, based on past experience, for losses incurred but not reported.

## Notes to Financial Statements

The methods for making such estimates and for establishing the resulting liability, are continually reviewed and any adjustments are reflected in the period determined.

- (12) Capitalization policy and the resultant predefined thresholds did not change from the prior period.
- (13) Pharmaceutical rebates receivables are derived from actual confirmed receipts from the PBM.

2. Accounting Changes and Corrections of Errors:

None.

3. Business Combinations and Goodwill

None.

4. Discontinued Operations

None

5. Investments

- A. Mortgage Loans: – None
- B. Debt Restructuring: – None
- C. Reverse Mortgage: – None
- D. Loan Backed Securities:

Investment in two GNMA bonds \$0 as of December 31, 2012. These bonds were sold April 18, 2012. The company did not have any such securities as of January 1, 1994 therefore the retrospective adjustment method did not apply. Prepayment assumptions for single class and multi-class mortgage-backed securities were obtained from broker/ dealer survey values. In 2011, the Company did not change from the retrospective methodology to prospective methodology because no negative yields were identified.

E. Repurchase Agreements and/or Securities Lending Transactions (1-5):

Effective June 30, 2010 Fifth Third Bank and Huntington Bank discontinued its participation in the “special” FDIC Insurance Program that provided us with 100% FDIC coverage on all deposits. The limit effective 7/1/10 will be \$250,000. Independent Bank continued its participation in the program. The company is now using a sweep program with Fifth Third and Huntington Banks that invest in Repurchase Agreements that are secured by a pledge of Fifth Third’s government securities portfolio. These investments mature daily and are therefore listed as short term.

F. Real Estate: None

G. Low-Income Housing Tax Credits (LIHTC): None

H. Restricted Assets: None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

7. Investment Income

Non admitted / Excluded = None

8. Derivative Investments

None

9. Income Taxes

- A. Components of Net Deferred Income Tax Asset: N/A
- B. Extent That DTL’s Are Not Recognized: N/A
- C. Disclosure of Significant Components of Income Taxes Incurred: N/A
- D. Sum of Reporting Entity’s Income Tax Incurred: N/A
- E. Reporting Entity Additional Disclosure: N/A
- F. Consolidated Federal Income Tax: N/A
- G. McLaren Health Care Corporation (MHCC) is subject to routine audits by taxing jurisdictions. MHCC (McLaren Health Plan’s parent company) and its



Notes to Financial Statements

subsidiaries are currently being audited by the IRS for the 2012, 2011, and 2010 tax periods.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. McLaren Health Care Corporation (MHCC), a Michigan non-profit corporation and holding company of various health care entities, is the sole parent of McLaren Health Plan and initially provided to McLaren Health Plan gross paid in and contributed surplus of \$1,140,000.

McLaren Regional Medical Center (MRMC) – subsidiary of MHCC

PHNS was purchased by CONJOIN in November 2010. The merged entity changed its name to Anthelio HealthCare Solutions in early 2011. MHCC still maintained its ownership as a shareholder.

Health Advantage Inc. (HA), a wholly owned subsidiary of McLaren Health Plan.

McLaren Health Plan Insurance Company (MHPIC), a wholly owned subsidiary of McLaren Health Plan.

McLaren Health Plan Community (MHPC), a wholly owned subsidiary of McLaren Health Plan.

- B. No Change
- C. No Change
- D. Due from Affiliates: \$1,443,498 amounts due from affiliate for administrative services and information system operations support. The amounts are settled monthly.  
Due to Affiliates: \$1,699,786 amounts due to affiliate per contract for various administrative support, including personnel and information system operations support. The amounts are settled monthly.
- E. Guarantees or undertakings: No Change
- F. Management Agreements between:
  - (1) McLaren Health Plan and McLaren Health Care Corporation:  
There are two agreements between the 2 companies. The Management Agreement states McLaren Health Care Corporation (MHCC) agrees to provide certain operational services and other resources to McLaren Health Plan (MHP). Amount for January-December 2013= \$2,771,856; The Service Agreement states MHCC agrees to provide a Leased Employee to perform certain operational, personnel services, and other resources to MHP.
  - (2) McLaren Health Plan and MRMC:  
MRMC agrees to provide certain accounting / resource services to McLaren Health Plan. Amount for January-December 2013 =\$9,404
  - (3) McLaren Health Plan and Anthelio HealthCare Solutions:  
Anthelio HealthCare Solutions agrees to provide certain information technology and telephony services to McLaren Health Plan. Amount for January-December 2013 = \$378,863
  - (4) McLaren Health Plan and HA:  
McLaren Health Plan agrees to provide certain operational, personnel services and other resources to HA. Amount for January - December 2013 = \$8,175,184
  - (5) McLaren Health Plan and MHPIC:

Notes to Financial Statements

McLaren Health Plan agrees to provide certain operational, personnel services and other resources to MHPIC. Amount for January-December 2013 = \$64,934

- (6) **McLaren Health Plan and MHPC:**  
McLaren Health Plan agrees to provide certain operational, personnel services and other resources to MHPC. Amount for January – December 2013 = None

- G. Guarantees or undertakings: None
- H. Control relationship: None
- I. Upstream/downstream activity: None
- J. Investment in SCA: None
- K. Investments in impaired SCA: None
- L. Investment in foreign insurance subsidiary: None
- M. Investment in downstream noninsurance holding company: None

11. Debt  
None
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan  
See G Below
  - B. Narrative Description of Investment Policies and Strategies: N/A
  - C. Fair Value of each class of Plan Assets: N/A
  - D. Narrative Description: N/A
  - E. Defined Contribution Plans:  
McLaren Health Plan employees hired on or after October 1, 2004 will be covered by a qualified defined contribution pension plan sponsored by McLaren Health Plan. Vesting period for contribution matching by McLaren Health Plan is 2 years. For 2013, the employer contribution was \$416,782.
  - F. Multiemployer Plans: None
  - G. Consolidated/Holding Company Plans: McLaren Health Plan is a wholly owned subsidiary of McLaren Health Care Corporation, which sponsors a defined benefit pension plan covering substantially all of McLaren Health Plan employees whose employment began prior to Oct 1, 2004. The benefits under the plan are based on years of service and the employee’s termination of employment. The plan has no legal obligation for benefits under this plan. The funding policy is to contribute annually an amount in accordance with the standards of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only the benefits attributed to services to date, but also those expected to be earned in the future. As of 10/01/12, the pension plan has been frozen.
  - H. Postemployment Benefits and Compensated Absences: They are accrued.
  - I. The impact of Medicare Modernization Act on Post-Retirement Benefits are not reflected in the financial statements or accompanying notes.
13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations
- (1) Capital stock: No Change except as noted below: None
  - (2) Preferred stock: None
  - (3) Dividend restrictions: The Commissioner (State of Michigan) shall consider the following factors regarding dividends:
    - (a.) The adequacy of the level of surplus as regards policyholders remaining after the dividend payment(s);

Notes to Financial Statements

- (b.) The quality of the Plan’s earnings and the extent to which the reported earnings include extraordinary items, such as surplus relief insurance transactions and reserve de-strengthening;
  - (c.) The quality and liquidity of investments in subsidiaries;
  - (d.) If the Commissioner determines that the Plan’s surplus as regards policyholders is not reasonable in relation to the Plan’s outstanding liabilities and is not adequate to its financial needs, the commissioner shall limit or disallow the payment of shareholder dividends.
  - (e.) Dividends shall be declared or paid only from earned surplus, unless approved by the Commissioner.
- 
- (4) Date and amount of dividends issued: None
  - (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
  - (6) Restrictions placed on surplus: None
  - (7) Advances of surplus not paid: None
  - (8) Amount of stock held for special purposes: None
  - (9) Special surplus funds: None
  - (10) Unassigned funds (surplus) represented or reduced: None
  - (11) Surplus notes: None
  - (12) Quasi-reorganization: None
  - (13) Quasi-reorganization: None

14. Contingencies

- A. Contingent Commitments: None
- B. Assessments: None
- C. Gain Contingencies: None
- D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits: None
- E. All Other Contingencies  
The Plan is susceptible to various legal actions related to Plan activities. Management is of the opinion that no litigation matters are outstanding or pending that will have a material effect on its financial position or results of operations.

15. Leases

McLaren Health Plan currently holds two building leases. The lease for the East Lansing office was executed on September 30, 2009 and is effective for five years and two months from the commencement date with an option to extend the lease for two three year terms. . This lease was assumed from CareSource Management Group effective August 1, 2012. The lease for the Auburn Hills office was executed on May 21, 2012, commenced on July 1, 2012 and is for ten years

Future minimum lease payments due under these leases are:	
2013	\$ 283,026
2014	343,884
2015	201,787
2016	207,811
2017	213,834
Total	\$ 1,250,342

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales. None.
- B. Transfer and Servicing of Financial Assets. None
- C. Wash Sales. None

Notes to Financial Statements

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO plans – N/A

B. ASC plans – N/A

C. Medicare or similarly structured cost based reimbursed contracts1.

a. Revenue from the Company’s Medicare (or similarly structured cost based reimbursement contract) contract for the year 2012 consisted of \$6,306,579 for medical and hospital related services and \$910,529 for administrative expenses.

b. As of December 31, 2012, the Company has recorded no receivables from payors whose account balances are greater than 10% of the Company’s amounts receivable from uninsured accident and health plans or \$10,000:

c. In connection with the Company’s Medicare (or similarly structured cost based reimbursement contract) contract, the Company has recorded no allowances and no reserves for adjustment of recorded revenues at December 31, 2012.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. Fair Value Measurement

None

21. Other Items

A. Extraordinary Items: None

B. Troubled Debt Restructuring: Debtors: None

C. Other Disclosures and Unusual Items: Short-term investments in the amount of \$1,217,312 as of 12/31/13 are on deposit with the State of Michigan Treasury in a safekeeping account as required by regulation.

D. Business Interruption Insurance Recoveries: None

E. State Transferable Tax Credits: None

F. Subprime Mortgage Related Risk Exposure: None

G. Retained Assets:

22. Events Subsequent

Subsequent to month end, the Company has file for termination of Certificate of Authority and Dissolution of Corporate Existence which was granted as of 1/28/14 by the Department of Insurance and Financial Services.

On January 1, 2014, the Company will not be subject to an annual fee under section 9010 of the Affordable Care Act (ACA), as it qualifies as a nonprofit corporation meeting the requirements of section 9010(c)(2)(C)(i)-(iii). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premium written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment and expects to conduct health insurance business in 2014, however due to the exemption listed above; the Company estimates their portion of the annual health insurance fee payable on September 30, 2014 to be \$0. This assessment is expected to impact risk based capital by 0%

A. ACA fee assessment payable\$0

B. Assessment expected to impact RBC0%

23. Reinsurance

Notes to Financial Statements

A. Ceded Reinsurance Report  
Section 1-General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?-No.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? No.

Section 2 - Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits form other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 - Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business in making this estimate. None.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

- B. Uncollectible Reinsurance:  
None
- C. Commutation of Ceded Reinsurance:  
None
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation:  
None

- 24. Retrospectively Rated Contracts & Contracts Subject to Redetermination  
None
- 25. Change in Incurred Claims and Claim Adjustment Expenses None
- 26. Intercompany Pooling Arrangements None
- 27. Structured Settlements Not Applicable

28.     Health Care Receivables

A. Pharmaceutical Rebate Receivables

Quarter	Estimated pharmacy rebates reported	Pharmacy rebates as billed	Actual rebates received <= 90 days	Actual rebates received 91 - 180 days	Actual rebates received > 180 days	Total Received
12/31/2013						-
09/30/13	-	-				-
06/30/13	-	-	-	72,031	-	72,031
03/31/13	-	-	-	192,203	51,845	244,047
12/31/12	-	8,425	-	55,711	180,211	235,922
09/30/12	42,732	154,893	-	55,618	172,578	228,196
06/30/12	128,332	189,075	48,477	1,460	183,885	233,822
03/31/12	62,960	209,367	86,319	87,035	45,431	218,785
12/31/11	60,274	251,590	139,785	71,128	48,404	259,317
09/30/11	97,862	256,932	135,665	120	127,750	263,535
06/30/11	84,424	237,911	108,307	102,649	26,955	237,911
03/31/11	43,801	226,171	112,403	-	110,173	222,576
12/31/10	56,775	230,629	90,940	33,646	106,037	230,623
09/30/10	-	253,100	68,852	41,677	143,914	254,443
06/30/10	78,319	269,341	72,513	132,182	64,646	269,341
03/31/10			-	-	343	343

B.       Risk Sharing Receivables - None

29.     Participating Policies               None

30.     Premium Deficiency Reserves  
          As of December 31, 2013 the Company’s premium deficiency reserve liability carried is \$63,926. Investment income was not utilized as a factor in the premium deficiency calculation.

1. Liability carried for premium deficiency reserves                               \$63,926
2. Date of the most recent evaluation of this liability                               12/31/2013
3. Was anticipated investment income utilized in the calculation    Yes \_\_\_\_ No X

31.     Anticipated Salvage and Subrogation               None

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes[X] No[ ]
If yes, complete Schedule Y, Parts 1, 1A and 2.
1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes[X] No[ ] N/A[ ]
1.3 State Regulating? Michigan
2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes[ ] No[X]
2.2 If yes, date of change:
3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2012
3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2010
3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 05/11/2012
3.4 By what department or departments? Michigan Department of Insurance and Financial Services
3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes[ ] No[ ] N/A[X]
3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes[X] No[ ] N/A[ ]
4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes[ ] No[X]
4.12 renewals? Yes[ ] No[X]
4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes[ ] No[X]
4.22 renewals? Yes[ ] No[X]
5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes[ ] No[X]
5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

Table with 3 columns: 1 Name of Entity, 2 NAIC Company Code, 3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes[ ] No[X]
6.2 If yes, give full information:
7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes[ ] No[X]
7.2 If yes,
7.21 State the percentage of foreign control 0.000%
7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

Table with 2 columns: 1 Nationality, 2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes[ ] No[X]
8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes[ ] No[X]
8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

Table with 6 columns: 1 Affiliate Name, 2 Location (City, State), 3 FRB, 4 OCC, 5 FDIC, 6 SEC

- 9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit? PLANTE AND MORAN LLP, 1111 MICHIGAN AVE. EAST LANSING MI 48823
10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes[ ] No[X]
10.2 If response to 10.1 is "yes," provide information related to this exemption:
10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes[ ] No[X]
10.4 If response to 10.3 is "yes," provide information related to this exemption:
10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes[X] No[ ] N/A[ ]
10.6 If the response to 10.5 is "NO" or "N/A" please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? JOHN VATAHA, ASA, MAAA ACTUARY CONSULTANT, 148 VERMEER DRIVE, LANGHORNE, PA 19053

GENERAL INTERROGATORIES (Continued)

- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 12.11 Name of real estate holding company
- 12.12 Number of parcels involved
- 12.13 Total book/adjusted carrying value

\$ 0
- 12.2 If yes, provide explanation
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 13.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]
- 13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes[X] No[ ]
- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.
- 14.11 If the response to 14.1 is no, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes[ ] No[X]
- 14.21 If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes[ ] No[X]
- 14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes[ ] No[X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

	1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
15.2001	.....	.....	.....	.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[ ]
17. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[ ]
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes[X] No[ ]

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes[ ] No[X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers

\$ ..... 0
- 20.12 To stockholders not officers

\$ ..... 0
- 20.13 Trustees, supreme or grand (Fraternal only)

\$ ..... 0
- 20.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers

\$ ..... 0
- 20.22 To stockholders not officers

\$ ..... 0
- 20.23 Trustees, supreme or grand (Fraternal only)

\$ ..... 0
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[ ] No[X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others

\$ ..... 0
- 21.22 Borrowed from others

\$ ..... 0
- 21.23 Leased from others

\$ ..... 0
- 21.24 Other

\$ ..... 0
- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[ ] No[X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment

\$ ..... 0
- 22.22 Amount paid as expenses

\$ ..... 0
- 22.23 Other amounts paid

\$ ..... 0
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes[X] No[ ]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ ..... 115,099

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes[X] No[ ]
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes[ ] No[ ] N/A[X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.

\$ ..... 0
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.

\$ ..... 0
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes[ ] No[ ] N/A[X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes[ ] No[ ] N/A[X]



GENERAL INTERROGATORIES (Continued)

- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes[ ] No[ ] N/A[X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ ..... 0

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

\$ ..... 0

24.103 Total payable for securities lending reported on the liability page.

\$ ..... 0
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes[X] No[ ]
- 25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

\$ ..... 0

25.22 Subject to reverse repurchase agreements

\$ ..... 0

25.23 Subject to dollar repurchase agreements

\$ ..... 0

25.24 Subject to reverse dollar repurchase agreements

\$ ..... 0

25.25 Pledged as collateral

\$ ..... 0

25.26 Placed under option agreements

\$ ..... 0

25.27 Letter stock or securities restricted as to sale

\$ ..... 0

25.28 On deposit with state or other regulatory body

\$ ..... 1,217,312

25.29 Other

\$ ..... 0
- 25.3 For category (25.27) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]
- If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]
- 27.2 If yes, state the amount thereof at December 31 of the current year.

\$ ..... 0
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[ ]
- 28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
JPMORGAN CHASE BANK, NA .....	1111 POLARIS PARKWAY, COLUMBUS OH 43240 .....
FIFTH THIRD BANK .....	111 LYON ST SW, GRAND RAPIDS MI 49503 .....

- 28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....	.....	.....

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes[ ] No[X]
- 28.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....

- 28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....	.....	.....

- 29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[ ] No[X]
- 29.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
29.2999 Total .....	.....	.....

- 29.3 For each mutual fund listed in the table above, complete the following schedule:

GENERAL INTERROGATORIES (Continued)

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....			
30.2 Preferred stocks .....			
30.3 Totals .....			

30.4 Describe the sources or methods utilized in determining the fair values

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[ ] No[X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[ ] No[ ] N/A[X]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[ ]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid

34.1 Amount of payments for legal expenses, if any?

\$..... 737

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ ..... 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.4 1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6 Individual policies - Most current three years:

1.61 Total premium earned

\$ ..... 0

1.62 Total incurred claims

\$ ..... 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 Total premium earned

\$ ..... 0

1.65 Total incurred claims

\$ ..... 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 Total premium earned

\$ ..... 0

1.72 Total incurred claims

\$ ..... 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 Total premium earned

\$ ..... 0

1.75 Total incurred claims

\$ ..... 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	534,667,883	455,074,024
2.2	Premium Denominator .....	534,667,883	455,074,024
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	74,539,280	62,908,388
2.5	Reserve Denominator .....	74,539,280	62,908,388
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[ ] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ ..... 515,000

5.32 Medical Only

\$ ..... 0

5.33 Medicare Supplement

\$ ..... 0

5.34 Dental & Vision

\$ ..... 0

5.35 Other Limited Benefit Plan

\$ ..... 0

5.36 Other

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

ALL ABOVE TOPICS ARE INCLUDED IN ALL PROVIDER CONTRACTS WITH LANGUAGE APPROVED BY OFIR

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 13,815

8.2 Number of providers at end of reporting year

..... 13,452

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 1,912,006

10.22 Amount actually paid for year bonuses

\$ ..... 433,623

10.23 Maximum amount payable withholds

\$ ..... 354,963

10.24 Amount actually paid for year withholds

\$ ..... 710,816

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

MICHIGAN

11.4 If yes, show the amount required.

\$ ..... 36,968,278

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

200% OF AUTHORIZED CONTROL LEVEL

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Alcona County .....
Allegan County .....
Alpena County .....
Antrim County .....
Arenac County .....
Bay County .....
Berrien County .....
Branch County .....

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
Calhoun County .....
Cass County .....
Charlevoix County .....
Cheboygan County .....
Clare County .....
Clinton County .....
Eaton County .....
Emmet County .....
Genesee County .....
Gladwin County .....
Grand Traverse County .....
Gratiot County .....
Hillsdale County .....
Huron County .....
Ingham County .....
Ionia County .....
Iosco County .....
Isabella County .....
Kalamazoo County .....
Kalkaska County .....
Kent County .....
Lapeer County .....
Leelanau County .....
Lenawee County .....
Macomb County .....
Mason County .....
Mecosta County .....
Midland County .....
Monroe County .....
Montcalm County .....
Montmorency County .....
Muskegon County .....
Newaygo County .....
Oakland County .....
Ogemaw County .....
Oscoda County .....
Otsego County .....
Ottawa County .....
Presque Isle County .....
Roscommon County .....
Saginaw County .....
St Clair County .....
St Joseph County .....
Sanilac County .....
Shiawassee County .....
Tuscola County .....
Van Buren County .....
Wayne County .....
Crawford County .....

13.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$.....0

13.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$.....0

FIVE-YEAR HISTORICAL DATA

	1 2013	2 2012	3 2011	4 2010	5 2009
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	130,311,690	116,686,972	164,137,552	124,315,304	110,284,769
2. TOTAL Liabilities (Page 3, Line 24) .....	86,161,055	74,301,622	61,952,615	46,219,861	40,462,217
3. Statutory surplus .....	36,968,278	28,871,724	18,551,600	17,925,214	16,582,942
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	44,150,636	42,385,350	102,184,937	78,095,444	69,822,552
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	532,628,766	453,189,003	429,439,910	301,432,817	266,766,990
6. TOTAL Medical and Hospital Expenses (Line 18) .....	504,385,925	407,932,220	358,094,099	253,236,801	232,944,241
7. Claims adjustment expenses (Line 20) .....	4,542,149	9,236,841	7,423,154	2,084,395	2,206,229
8. TOTAL Administrative Expenses (Line 21) .....	23,354,449	22,874,030	40,273,457	27,284,835	19,880,364
9. Net underwriting gain (loss) (Line 24) .....	282,318	13,145,912	23,649,200	18,826,786	11,736,156
10. Net investment gain (loss) (Line 27) .....	(456,465)	1,675,494	302,763	(332,764)	(165,831)
11. TOTAL Other Income (Lines 28 plus 29) .....					
12. Net income or (loss) (Line 32) .....	(174,147)	14,821,406	23,951,963	18,494,022	11,570,325
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	13,927,062	24,005,249	24,473,157	24,112,153	19,650,853
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	44,150,636	42,385,350	82,392,843	78,095,443	69,822,552
15. Authorized control level risk-based capital .....	18,433,221	14,418,474	9,275,800	8,962,117	8,291,471
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	158,575	144,029	93,427	91,918	86,878
17. TOTAL Members Months (Column 6, Line 7) .....	1,809,385	1,639,850	1,107,698	1,073,558	949,132
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	94.3	89.6	83.1	83.7	86.0
20. Cost containment expenses .....	0.2	1.3	0.2	0.1	0.2
21. Other claims adjustment expenses .....	0.7	0.8	0.7	0.6	0.7
22. TOTAL Underwriting Deductions (Line 23) .....	99.6	96.7	94.2	93.4	94.1
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	0.1	2.9	5.5	6.2	4.3
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	64,334,473	49,025,297	30,861,119	29,883,477	22,463,135
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	62,581,920	53,586,669	38,417,846	36,340,383	25,926,863
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....	13,098,942	12,536,934	12,861,713	9,793,521	724,185
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....	13,098,942	12,536,934	12,861,713	9,793,521	724,185
33. TOTAL investment in parent included in Lines 26 to 31 above .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
ALLOCATED BY STATES AND TERRITORIES

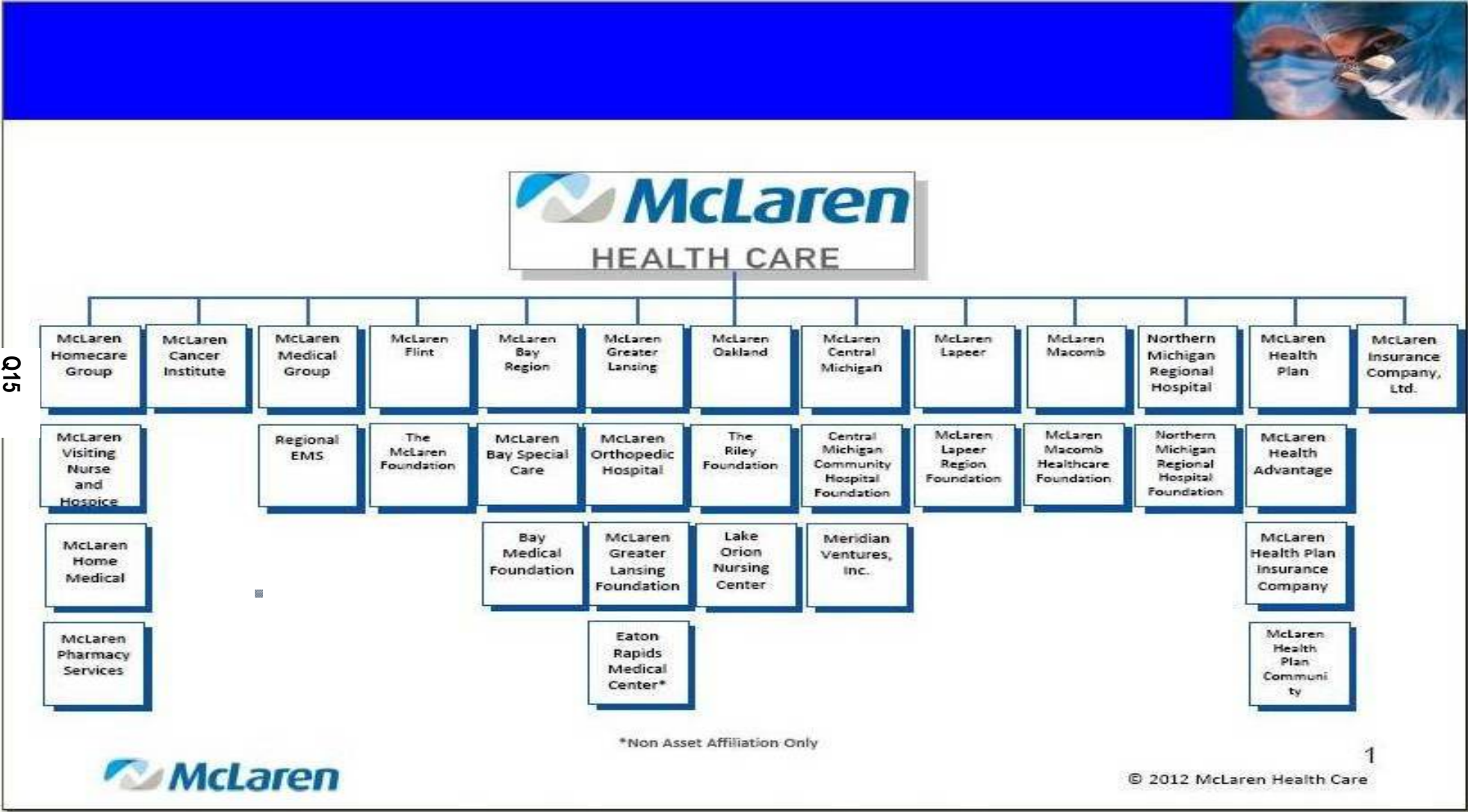
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	N								
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	L	90,868,361	6,155,577	440,119,375				537,143,313	
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	90,868,361	6,155,577	440,119,375				537,143,313	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) 1	90,868,361	6,155,577	440,119,375				537,143,313	

DETAILS OF WRITE-INS										
5801.		X X X								
5802.		X X X								
5803.		X X X								
5898.	Summary of remaining write-ins for Line 58 from overflow page	X X X								
5899.	TOTALS (Lines 5801 through 5803 plus 5898) (Line 58 above)	X X X								

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.: All premiums wirriten in the State of Michigan

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



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